

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2017-381-A**

**In Re: The Impact of the Tax Cuts and Jobs )**  
**Act on South Carolina Utilities )**  
**)**

**COMMENTS REGARDING TIMING AND FORMAT OF REPORTS**  
**BY**  
**DAUFUSKIE ISLAND UTILITY COMPANY, INC.**

Daufuskie Island Utility Company, Inc. ("DIUC") hereby provides the following in response to Commission Order 2018-26 inviting comments regarding the format and schedule for the filing of reports regarding the impact of the Tax Cuts and Jobs Act (the "Act").

**FORMAT OF REPORTS**

Generally, the format of the reports should be flexible enough to allow a responding utility to provide the Commission with ample information as to the impact of the Act. This includes the opportunity to address the magnitude of the income tax reduction, the related reduction of the revenue requirement, and the most efficient means by which to pass the benefit of any measurable savings on to the customers.

More specifically, the format of the reports should allow responding utilities an opportunity to:

1. Submit financial statements that include the estimated or projected operating results reflecting the 21% federal income tax rate and other changes created by the Act. Such financial statements would consist of historical operating results for 2017 with adjustments for the impact of the Act and/or financial projections for 2018 operations based upon anticipated events related to the impact of the Act.

2. Discuss and document the impact of the Act's lower 21% tax rate on the utility's revenue requirement, taking into account, if applicable, any "fallout" adjustments. Such adjustments include, but are not limited to, revenue requirement components such as revenue-related regulatory fee assessments, bad debts, deferred tax credits, or others.
3. Provide information regarding circumstances that have changed since the utility's last rate proceeding.
4. Explain the extent to which any offsetting increases in expenses and net investment should be recognized in conjunction with the impacts of the Act, as well as the impact on the earned and/or projected overall rate of return and equity return.
5. Discuss whether the magnitude of the Act's reduction in income taxes in relation to total revenues is offset by estimated inflation or is otherwise insignificant or not cognizable. This would include discussion of the utility's size and the impact of the Act's adjustments on the actual amount of taxes due.
6. If application of the Act results in a benefit to ratepayers, address how the utility's ratepayers should receive those benefits. Utilities should be encouraged to consider alternatives to refunds such as deferred credits. If a refund or credit is potentially warranted, utilities should report on whether a refund might cause the utility's return on equity or operating margin for the year to fall below the return on equity or operating margin most recently approved by the Commission. This analysis would include consideration of the utility's administrative cost of providing any refund or credit.
7. Provide any other information the utility asserts is relevant to a complete understanding of how the Act impacts the utility.
8. The foregoing topics should be discussed in such a manner that allows the Commission to consider the same in relation to generally accepted rate setting principles, methodology, and legal guidepost decisions.

### **PROCEDURAL SCHEDULE**

Because the Act applies to taxable income for 2018 operations, the actual income tax filing and payments, if any, would not be made until 2019. Accordingly, there is ample time for the consideration of all the facts and circumstances involved.

Once the Commission issues its Order as to the format of the utility reports, it would be prudent to allow the utilities to submit their reports within 30 days from that date, or 30 days from the date 2017 Annual Reports to the Commission are due, whichever is later. This initial reporting date will guarantee that actual historical 2017 financial statements are available for consideration. The Office of Regulatory Staff (“ORS”) would submit its findings and proposed recommendations within 60 days of the utilities’ filings, and then the utilities would be allowed 30 days to respond to ORS’s recommendations. Any reply by ORS would be due 30 days after a utility’s response. If there are outstanding issues remaining, a working session could be scheduled for settlement discussions within 30 days of ORS’s reply. If an agreement is not reached as to any outstanding issues, the parties would jointly notify the Commission and the Commission would thereafter establish a hearing schedule for submission of any testimony and a hearing.

WHEREFORE, and as discussed herein, DIUC respectfully submits these comments and requests that the Commission allow it and other regulated utilities to be heard on any proposed reporting requirements.

Respectfully submitted,

/s/ Thomas P. Gressette, Jr.

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January 24, 2018  
Charleston, South Carolina

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This is to certify that I have caused to be served this day a copy of the foregoing  
 COMMENTS REGARDING TIMING AND FORMAT OF REPORTS BY DAUFUSKIE  
 ISLAND UTILITY COMPANY, INC. via email and e-filing to the persons named below at the  
 addresses set forth below:

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**Thomas P. Gressette, Jr.**

January 24, 2018  
 Charleston, South Carolina